



Newsletter

High School Seniors Receive Preliminary KEES Award Notices

by Lori Powers

Kentucky high school seniors who are potentially eligible for a Kentucky Educational Excellence Scholarship (KEES) received notices in March. Students who earned a KEES award during their junior year or had a 2.5 or higher grade point average for the first half of their senior year received preliminary award information.

The Kentucky Higher Education Assistance Authority (KHEAA) calculated the preliminary awards for seniors using data provided by high schools and compiled and

transmitted to KHEAA by the Kentucky Department of Education (KDE). The estimated award was based on (1) the junior-year GPA earned last year, (2) the GPA for the first half of the senior year, and (3) the highest composite ACT (or equivalent SAT) score achieved prior to the high school's submission of data to KDE.

Under the KEES program, students earning at least a 2.5 GPA for school years starting in 1998 are eligible for a KEES base award. Students who are eligible for base awards can qualify for a bonus award if they have an ACT composite score of 15 or higher. (Students who earn an equivalent score on the SAT also qualify for a bonus award.) Base awards range from \$125 to \$500, and bonus awards from \$36 to \$500. The maximum award for which this year's high school seniors can qualify is \$1,500—\$500 for a junior-year GPA of 4.0, \$500 for a senior-year GPA of 4.0, and \$500 for an ACT score of 28 or higher.

"This is a tremendous opportunity for Kentucky students to earn awards to help pay their higher education expenses," said Londa L. Wolanin, KHEAA Chief Operating Officer. "We encourage high school seniors to maintain or improve their grades and test scores since final KEES awards will be determined by their grades for the entire senior year and their highest ACT (or SAT) composite test score received prior to graduation."

For the most up-to-date information about KEES, visit www.kheaa.com; write to Tim Phelps, Kentucky Higher Education Assistance Authority, 1050 US Highway 127 S, Frankfort, KY 40601-4323; call (800) 928-8926, extension 7397; or e-mail kees@kheaa.com.

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- Common Manual Updates
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AmSouth Bank Selects KHEAA for Loan Origination Services

by Mary Alice Wilkinson

We are pleased to announce that AmSouth Bank, Jackson, Mississippi, has chosen KHEAA to provide Federal Stafford and PLUS Loan origination and disbursement services effective April 28, 2000. Borrowers and schools should mail all Master Promissory Notes and school certifications for AmSouth Bank using lender # 810612 to:

AmSouth Bank/KHEAA Origination Services
P.O. Box 4225
Frankfort, KY 40604-4225

During the transition of these services from Sallie Mae, Lynn Haven, Florida, to KHEAA, schools should return any undelivered loan proceeds to the entity issuing the loan proceeds. Schools may contact Sallie Mae at (888) 774-3142. Sallie Mae will service the loans originated by KHEAA.

Questions relating to the transition of these services may be directed to AmSouth Bank at (800) 858-7822 or to KHEAA's Origination Services Branch at (800) 564-6068.

Following are the addresses to which loan applications should be mailed for lenders currently participating in the KHEAA Origination Services:

Bank of Louisville
P.O. Box 4310
Frankfort, KY 40604-4310
Lender # 804283

Bank One Education Finance Group
P.O. Box 4230
Frankfort, KY 40604-4230
Lender # 821087

Chase Manhattan Bank
P.O. Box 4267
Frankfort, KY 40604-4267
Lender # 807807

edsouth
P.O. Box 4270
Frankfort, KY 40604-4270
Lender # 831453

Fifth Third Bank
P.O. Box 4190
Frankfort, KY 40604-4190
Lender # 808780

Firststar Bank
P.O. Box 4206
Frankfort, KY 40604-4206
Lender # 808628

Kentucky Higher Education Student Loan Corporation
P.O. Box 4250
Frankfort, KY 40604-4250
Lender # 826688

National City Bank
P.O. Box 4266
Frankfort, KY 40604-4266
Lender # 804959

PNC Bank, NA
P.O. Box 4170
Frankfort, KY 40604-4170
Lender # 809921

The Provident Bank
P.O. Box 4228
Frankfort, KY 40604-4228
Lender # 808923

Republic Bank (medical and dental graduate students only)
P.O. Box 4593
Frankfort, KY 40604-4593
Lender # 828617

Student Loan Funding
P.O. Box 4594
Frankfort, KY 40604-4594
Lender # 831455

Union Planters National Bank
P.O. Box 4125
Frankfort, KY 40604-4125
Lender # 810698

KHEAA Proposes to Amend Regulations

by Rick Casey

The KHEAA board of directors voted March 31, 2000, to amend a number of administrative regulations covering several KHEAA programs. Notices of Intent to amend the regulations were filed with the Legislative Research Commission (LRC) on April 4, 2000. The Notices of Intent have been published on the LRC Web site at <http://www.lrc.state.ky.us/kar/frntpage.htm>. The regulations involved are:

Kentucky Educational Savings Plan Trust (KESPT) — 11 KAR 12:010, 12:030, 12:040, 12:050, and 12:070.

These regulations would be amended to conform to changes to statutes recently enacted by the General Assembly in HB 462. Those changes concern:

- Elimination of the age restrictions on the beneficiary.
- Elimination of a time limit on use of the funds.
- Elimination of a charge for change of beneficiary.
- Elimination of a requirement that a beneficiary first attend a Kentucky institution in order to qualify for resident tuition under a vested participation agreement.

KHEAA Grant Programs—11 KAR 5:001, 5:034, 5:140, 5:145, and 5:160. These regulations would be amended to:

- Redefine full-time student.
- Add definitions of part-time student and correspondence study.
- Increase the maximum Kentucky Tuition Grant (KTG) award from \$1,500 to \$1,600.
- Increase the maximum College Access Program (CAP) Grant award to \$50 above the applicable tuition rate.
- Extend eligibility for CAP Grants to students with an expected family contribution (EFC) of not more than \$3,100.
- Clarify how disbursements will be handled for students attending institutions that do not use the traditional semester system for academic terms.

KHEAA Teacher Scholarship—11 KAR 8:030. This regulation would be amended to clarify that students must make satisfactory academic progress in order to qualify for a renewal scholarship.

Kentucky Educational Excellence Scholarship (KEES) —11 KAR 15:060. This regulation would be amended to change the policy on institutional refunds of KEES scholarships. Under the amended regulation, KEES funds would be owed to KHEAA only in three circumstances:

- The student fails to enroll.
- The student receives an overpayment in excess of the scholarship earned.
- The student did not earn the scholarship (i.e., disbursement to wrong student).

In all other cases, including withdrawal, the institution would send funds to the student rather than return them to KHEAA.

Administrative Wage Garnishment—11 KAR 3:100.

This regulation would be amended to use the most recent federal figures for poverty level and average consumer expenditures for use in determining whether a wage garnishment would constitute an extreme financial hardship.

Master Promissory Note (MPN) Required for Stafford Loan Processing for the 2000–2001 Academic Year

by Heather Boutell

Just a reminder that the Federal Stafford Loan Master Promissory Note (MPN) is required for all Stafford Loan borrowers for academic periods that begin on or after July 1, 2000, and for loans certified on or after July 1, 2000. The MPN will replace the current Federal Stafford Loan Application and Promissory Note. With the MPN, schools eligible to use the MPN as a serial note can choose to serve student borrowers with a paper-free serial loan process. If the school uses the serial loan process and the borrower remains with one lender, the MPN can cover loans for up to 10 years. Annual certifications from the schools will continue, but paperwork from the borrower is generally eliminated in the serial loan phase.

At the present time, the serial loan benefits will be permitted at four-year schools or graduate-level institutions. Eligible schools may choose to require completion of the MPN annually if they prefer not to use the note in its serial capacity.

KHEAA contacted primary Kentucky and Alabama schools in order to determine preference for annual or serial processing. That information is used for determination of printing a new MPN upon receipt of a new school certification. If you have not provided KHEAA, other guarantors, or lenders with your preferences for MPN processing, please do so immediately.

KHEAA staff is willing to help schools and lenders work through their implementation issues. Remember, if you are using a paper process for certification you will need to order both the MPN and the school certification forms. Effective July 1, 2000, both forms will be required for a loan to be processed. If you have questions regarding the MPN, call KHEAA Guarantee Operations at (800) 617-2699.

Ombudsman Notification Requirements Effective July 1, 2000

by Shirley Young

On October 28 and 29, 1999, and November 1, 1999, the Secretary of the U.S. Department of Education (USDE) published final regulations requiring that borrowers receive information on the availability of the USDE's Office of the Ombudsman for student loans. The regulations are effective July 1, 2000.

If a borrower disputes the terms of the loan in writing and the lender does not resolve the dispute, the lender's response *must* provide the borrower with an appropriate contact at the guaranty agency for the resolution of the dispute. This new due diligence requirement is added to the language found in 34 CFR 682.208(c)(3). Borrowers may contact the KHEAA Ombudsman toll free at (800) 928-8926, extension 7278, or by fax at (502) 696-7305.

If the guaranty agency does not resolve the dispute, the agency's response must provide the borrower with information on the availability of the Student Loan Ombudsman's Office.

A lender *must* provide the borrower with information on the availability of the Student Loan Ombudsman's Office as part of one of the due diligence collection activities required in 34 CFR 682.411(b)(3). Please be sure at least one of your notices or collection letters is revised to contain this new information.

You would be considered in compliance by providing the following information to borrowers regarding the Office of the Ombudsman:

Internet: <http://sfahelp.ed.gov> or <http://ombudsman.ed.gov>

Toll-Free Telephone: (877) 557-2575

Mail: Office of the Ombudsman
Student Financial Assistance
U.S. Department of Education
RM 3012, ROB #3
7th and D Streets, SW
Washington, DC 20202

Common Manual Updates

by David Rayborn

This edition of the *KHEAA Newsletter* includes recent *Common Manual* policy updates. These inserts include reference numbers 280, 290, 343, 358, 370, 372, 373, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 409, and 410.

If you have any questions regarding these updates or need additional copies, call the Policy and Client Services Branch at (502) 696-7274 or (800) 928-8926, extension 7274.

Student Aid Programs Legislative Update

by Linda Renschler

Funding Levels

Governor Paul E. Patton and the 2000 Kentucky General Assembly approved funding for the following KHEAA student aid programs for the 2000–2002 biennium:

	2000–2001	2001–2002
Kentucky Educational Excellence Scholarship (KEES)	\$16,193,500	\$24,556,900
College Access Program (CAP) Grant	\$33,905,400	\$34,130,000
Kentucky Tuition Grant (KTG)	\$14,546,800	\$14,645,200
KHEAA Work-Study Program (KWSP)	\$ 1,000,000	\$ 1,000,000
Teacher Scholarship	\$ 1,983,300	\$ 2,022,500
Kentucky National Guard Tuition Award Program (KNGTAP)	\$ 1,736,000	\$ 1,972,900
Osteopathic Medicine Scholarship	\$ 1,620,000	\$ 1,579,500
Early Childhood Development Scholarship	<u>\$ 2,000,000</u>	<u>\$ 2,109,500</u>
Total	\$72,985,000	\$82,016,500

Kentucky Educational Excellence Scholarship (KEES)

Sponsored by Senator Tim Shaughnessy, Senate Bill 125 includes the following KHEAA-recommended modifications to the KEES statute:

- Replaces Commonwealth Merit Scholarship with Kentucky Educational Excellence Scholarship.
- Differentiates eligible high school student and eligible postsecondary student.
- Limits ACT scores to tests taken at a national test site on a national test date.
- Adds a requirement that high school and postsecondary students be citizens, nationals, or permanent residents of the United States.
- Eliminates “fifty cents” from award amounts.
- Eliminates the requirement that high school students must submit seventh semester preliminary data to KDE and that KHEAA must notify students of preliminary awards.
- Requires an award to be reduced only when a student is not enrolled full-time or does not achieve the required GPA.
- Requires high schools to recognize Jeff Green Scholars consistent with recognition given to other high levels of achievement.
- Provides high schools need not report students’ ACT or SAT scores by graduation if KHEAA receives scores directly from the testing services.

Osteopathic Medicine Scholarship

Senate Bill 53, sponsored by Senator Benny Ray Bailey, changes the scholarship formula to the difference between the *average* amount charged for in-state tuition at the University of Kentucky and the University of Louisville medical schools and that charged at the Pikeville College School of Osteopathic Medicine.

Kentucky National Guard Tuition Award Program

Senator David Boswell sponsored Senate Bill 56, which clarifies that the amount the Department of Military Affairs can award to Guard members is *up to or equal to* the in-state tuition costs of full-time or part-time study.

Early Childhood Development Scholarship

House Bill 706, sponsored by Representative Tom Burch, creates an Early Childhood Development Scholarship to be administered by KHEAA, in consultation with the Early Childhood Development Authority and the Cabinet for Families and Children. It is created to upgrade the professional development of persons who are employed or provide training in child-care or early childhood settings.

State Grant Programs

House Bill 44, sponsored by Representative Ron Crimm, amends the definition of college in KHEAA’s grant programs statute. College means any postsecondary

educational institution of higher learning which is accredited by the Southern Association of Colleges and Schools, the Commission on Colleges, or any successor or other equivalent regional accrediting association, and which provides a program of study leading to the granting of a postsecondary degree or diploma.

State Grant Programs Update Proposed Regulatory Amendments

11 KAR 5:00—Grant Programs Definitions

- Includes a summer quarter at a quarter-hour institution in the definition of an academic term.
- Provides a definition of correspondence course.
- Excludes correspondence courses in determining full-time enrollment status.
- Provides a definition of part-time student.

11 KAR 5:160—Grant Disbursement Procedures

- Changes disbursement provisions for students attending a quarter-hour institution to reflect the relationship between quarter and semester terms.
- Requires that a properly certified Eligibility Verification Roster (EVR) be returned to KHEAA by the deadline to receive advance funds for the next semester.

11 KAR 5:034—CAP Grant Student Eligibility

- Clarifies student eligibility for CAP Grant disbursements for students attending quarter-hour institutions.

11 KAR 5:140—KTG Award Determination

- The maximum award amount increases from \$1,500 to \$1,600 for the 2000–2001 academic year.

11 KAR 5:145—CAP Grant Award Determination

- The maximum EFC for CAP Grant consideration increases from \$1,500 to \$3,100 for the 2000–2001 academic year.
- The maximum award amount for college students increases to \$50 above the prevailing full-time community college tuition rate, and the amount for technical college and proprietary school students increases to \$50 above the prevailing full-time technical college tuition rate.

KHEAA Seeks HELP Center Coordinator

by Susan Hopkins

KHEAA's Frankfort, Kentucky, office is looking for a Student Financial Assistance Program Coordinator following the promotion of previous Higher Education Learning and Planning (HELP) Center Coordinator Chester Priest. Priest accepted a promotion to Student Financial Assistance Advisor in the Business Development Branch, Division of Loan Policy Services, effective March 16.



This position will be responsible for KHEAA's HELP Center, a 30-foot motor vehicle which travels across Ken-

tucky providing career, self-assessment, and financial aid software; a higher education resource library with reference materials and videos; and workstations that include laptop computers and printers. Staff provide access to career information; identify higher education institutions that meet specific educational goals; help find sources of financial aid for which students are eligible; assist in the aid application process; offer tips on how to avoid common application mistakes; and provide information about the loan process, repayment, and borrower advocates.

Minimum requirements are a bachelor's degree and at least three years of experience in educational, public, or financial administration, with at least one year in student loan processing or student financial aid administration. Graduate study in business administration, education, public administration, communications, or a related field will substitute for the educational administration, public administration, or financial administration experience up to a maximum of two years. Experience in educational administration, public administration, financial administration, processing of student loans, or administrative experience in student financial aid will substitute for the required education on a year-for-year basis.

If you, or someone you know, may be interested in joining KHEAA as a member of the HELP Center staff, call Susan Hopkins at (800) 928-8926, extension 7379. To request an application, contact Melanie West, KHEAA, 1050 US Highway 127 S, Frankfort, KY 40601-4323, (502) 696-7231. For more information about state employment, contact the Kentucky Personnel Cabinet, 200 Fair Oaks Lane, Frankfort, KY 40601 or visit www.state.ky.us/agencies/personnel/pershome.htm. Deadline for application is June 15, 2000. KHEAA promotes equal opportunity M/F/D/V.

Notice to All Lenders

by Shirley Young

The Higher Education Act of 1965 was recently amended to change the method of calculating special allowance for **new** loans **first** disbursed on or after January 1, 2000. The calculation will now use the three-month commercial paper rate. This resulted in a modification to the Special Allowance (SAP) codes that are used in the Lender's Interest and Special Allowance Request and Report (ED Form 799). The new Special Allowance Codes (CA, CB, CC and CD) *will be* accepted by the Department of Education for the quarter ending March 31, 2000. You will be required to use the following SAP codes (in addition to the existing codes):

- Stafford Subsidized/Unsubsidized first disbursed on or after January 1, 2000, and before July 1, 2003.

SAP Code	Loan Status
CA	In-school, grace, and deferment
CB	In repayment or forbearance

- Consolidation Loans for applications received on or after January 1, 2000, and before July 1, 2003.

SAP Code	Loan Status
CC	N/A

- PLUS Loans first disbursed on or after January 1, 2000, and before July 1, 2003.

SAP Code	Loan Status
CD	N/A

Please note that there is no change to loans disbursed with tax-exempt funds. You should continue to report these loans using the existing SAP codes. If you have questions, please contact our lender review specialist at (502) 696-7282.

KHEAA Updates Common Account Maintenance (CAM) “G” Dates

by DeDe Conner

KHEAA is preparing for the new Common Account Maintenance (CAM) processes. Listed below are the updated anticipated “G” dates for KHEAA’s CAM implementation. KHEAA opted to implement CAM in a phased approach to allow lenders the opportunity to utilize the electronic processes as they become available with KHEAA. Lenders and servicers can plan to begin testing the CAM records with KHEAA on or before the “G” date listed.

Record Type	Record Name	“G” Date
03	Identifier Data Change	04/01/00
04	Enrollment Status Data	04/01/00
05	Address/Phone Change	04/01/00
07	Loan Period/Grade Level Change	10/01/00
09	Pre-Disbursement Change	10/01/00
10	Post-Disbursement Change/Notification	10/01/00
13	Stafford Sub/Unsub Reallocation Decrease	10/01/00
14	Stafford Sub/Unsub Reallocation Increase	10/01/00
15	Loan Status Change	04/01/00
16	Lender/Lender-Servicer Change	04/01/00
17	Consolidation Loan Notification	12/31/00
18	Consolidation Loan Add-On/Increase Notification	12/31/00
19	E-Mail Information	10/01/00
20	Consolidation Demographic Data	12/31/00
21	Guarantee Fee Invoice Remittance	TBA
22	Paid Guarantee Fee Adjustment	TBA
24	Loan Increase	10/01/00
26	Principal and Accrued Interest Balance	04/01/00
27	Master Promissory Note Information	10/01/00
28	School Refund	10/01/00
29	School Refund Correction	10/01/00
Preclaim Records		
40	Borrower Demographic Information	06/01/00
41	Employment/Deferment/Borrower Contact Information	06/01/00
42	Reference Information	06/01/00
43	Endorser/Comaker/PLUS Student Information	06/01/00
44	Loan-Level Preclaim/Claim Information	06/01/00
Claim Records (50-59)—In Development		
95	Guaranty Fee Totals	TBA
97	Record Totals	04/01/00

Note: Record Types 01 (Header), 02 (Identifier Data), 96 (Record Totals), and 99 (Trailer) must accompany each file transmission and must, therefore, be supported and provided on your earliest “G” date.

CAM is an event-driven, transaction-based reporting process for lenders, servicers, and guaranty agencies. It was designed to communicate account maintenance data between trading partners in a common electronic format. The CAM documentation can be downloaded from the National Council on Higher Education Loan Programs (NCHELP) Web site at www.nchelp.org. The information is available in the Initiatives area of the Web site.

Contact DeDe Conner at (502) 696-7250 or dconner@kheaa.com for more information about CAM.

Special Allowance Rates

for the quarter ending March 31, 2000

The average of the bond equivalent rates of the 91-day Treasury Bills auctioned during the quarter ending March 31, 2000, is 5.72%. Loans from the following categories are eligible for special allowance as shown for the quarter ending March 31, 2000.

For loans made prior to 10/1/81:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7%	.0225	.005625
9%	.0025	.000625

- For:
- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS Loans made on or after 10/1/81 but prior to 10/17/86.
 - Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS Loans made on or after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning prior to 11/16/86.
 - Federal Consolidation Loans made on or after 10/1/81 but prior to 11/16/86.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7%	.0222	.005550
8%	.0122	.003050
9%	.0022	.000550
12%	.0000	.000000
14%	.0000	.000000

- For:
- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS/SLS Loans made on or after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning on or after 11/16/86.
 - Federal Stafford Loans (subsidized) made on or after 11/16/86 but prior to 10/1/92.
 - Federal Stafford Loans (unsubsidized, made pursuant to §428H of the Act) made prior to 10/1/92 for periods of enrollment beginning on or after 10/1/92.
 - Fixed-rate Federal PLUS/SLS Loans made on or after 11/16/86 but prior to 7/1/87.
 - Variable-rate Federal PLUS/SLS Loans made on or after 7/1/87 but prior to 10/1/92, *only* if the variable rate for each July 1–June 30 period reaches the statutory maximum of 12%.
 - Federal Consolidation Loans made on or after 11/16/86 but prior to 10/1/92.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.00%	.0197	.004925
7.72%	.0125	.003125
7.87%	.0110	.002750
8.00%	.0097	.002425
9.00%	.0000	.000000
10.00%	.0000	.000000
11.00%	.0000	.000000
12.00%	.0000	.000000
13.00%	.0000	.000000
14.00%	.0000	.000000

- For:
- Federal Stafford Loans (subsidized) made on or after 10/1/92 but prior to 7/1/95.
 - Federal Stafford Loans (unsubsidized) made on or after 10/1/92 but prior to 7/1/95 for periods of enrollment beginning on or after 10/1/92.
 - Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/95 but prior to 7/1/98, *except* during the in-school, grace, and deferment periods.
 - Variable-rate Federal PLUS/SLS Loans made on or after 10/1/92 but prior to 7/1/94, *only* if the variable rate for each July 1–June 30 period reaches the statutory maximum of 11% (SLS) or 10% (PLUS).
 - Variable-rate Federal PLUS Loans made on or after 7/1/94 but prior to 7/1/98.
 - Variable-rate Federal PLUS Loans made on or after 7/1/98 but prior to 1/1/00 (special allowance shall not be paid unless the calculated interest rate exceeds the 9% cap).
 - Federal Consolidation Loans made on or after 10/1/92 but prior to 1/1/00.

**Applicable Annual
Interest Rate**

**Special Allowance
at Annual Rate**

**Special Allowance
for 3-Month Period**

6.00%	.0282	.007050
7.00%	.0182	.004550
7.72%	.0110	.002750
7.98%	.0084	.002100
8.00%	.0082	.002050
9.00%	.0000	.000000
10.00%	.0000	.000000
11.00%	.0000	.000000
12.00%	.0000	.000000
13.00%	.0000	.000000
14.00%	.0000	.000000

- For:
- Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/95 but prior to 7/1/98, *only* during the in-school, grace, and deferment periods:

**Applicable Annual
Interest Rate**

**Special Allowance
at Annual Rate**

**Special Allowance
for 3-Month Period**

7.12%	.0110	.002750
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- For:
- Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/98 but prior to 1/1/00, *only* during the in-school, grace, and deferment periods:

**Applicable Annual
Interest Rate**

**Special Allowance
at Annual Rate**

**Special Allowance
for 3-Month Period**

6.32%	.0160	.004000
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- For:
- Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/98 but prior to 1/1/00, *except* during the in-school, grace, and deferment periods:

**Applicable Annual
Interest Rate**

**Special Allowance
at Annual Rate**

**Special Allowance
for 3-Month Period**

6.92%	.0160	.004000
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The average of the bond equivalent rates of the quotes for the three-month commercial paper (financial) rates in effect for each of the days in the quarter ending March 31, 2000, is 6.10 percent. Loans from the following categories are eligible for special allowance as shown for the quarter ending March 31, 2000.

For: • Federal Stafford Loans (subsidized and unsubsidized) made on or after 1/1/00 but prior to 7/1/03, <i>only</i> during the in-school, grace, and deferment periods.		
Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-month Period
6.32%	.0152	.003800
For: • Federal Stafford Loans (subsidized and unsubsidized) made on or after 1/1/00 but prior to 7/1/03, <i>except</i> during the in-school, grace, and deferment periods.		
Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-month Period
6.92%	.0152	.003800
For: • Federal PLUS Loans made on or after 1/1/00 but prior to 7/1/03 (special allowance shall not be paid unless the calculated interest rate exceeds the 9% cap). • Federal Consolidation Loans for applications received on or after 1/1/00 but prior to 7/1/03.		
Note: The current interest rate for PLUS Loans is 7.72%. Since this rate does not exceed the 9% cap, no special allowance will be paid during the period 7/1/99 through 6/30/00.		



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(800) 928-8926
www.kheaa.com

The KHEAA Newsletter is published once each quarter and as needed to provide information about changes in federal and state laws and regulations, upcoming events, special allowance rates, and other items of interest. Comments and suggestions about this publication are welcomed and appreciated. Please send them to the above address and to the attention of the Division of Student and Administrative Services.